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# THE Poultry and Egg SITUATION

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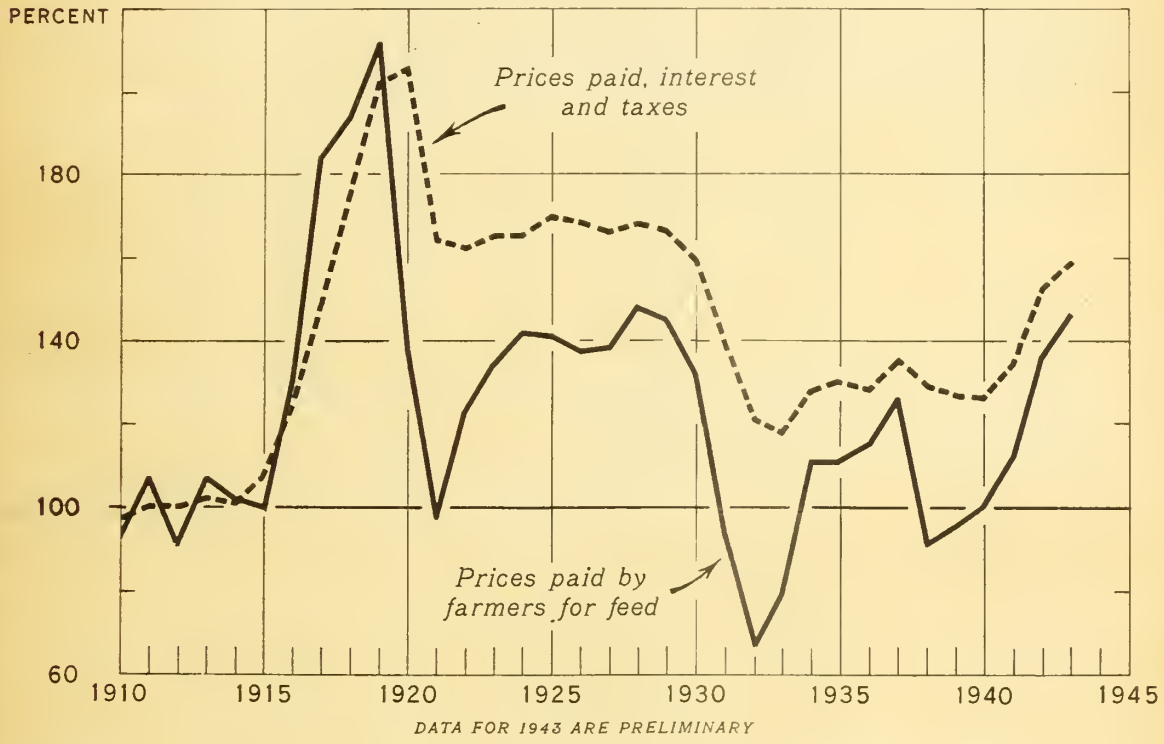
## PRICES PAID BY FARMERS FOR FEED AND FOR ALL COMMODITIES INCLUDING INTEREST AND TAXES, UNITED STATES, 1910-43

INDEX NUMBERS (1910-14 =100)




DATA FOR 1943 ARE PRELIMINARY

U. S. DEPARTMENT OF AGRICULTURE NEG 42880 BUREAU OF AGRICULTURAL ECONOMICS

So far in this war, prices paid by farmers for feed have increased relatively more than prices paid for all commodities, interest and taxes. But the index number of feed prices (1910-14 = 100) in January 1943 was somewhat lower than the index number of prices paid for all commodities, in contrast to the situation in 1916-19 when feed prices rose to unusually high levels. Despite the marked advance in feed prices since 1938, poultry product-feed price ratios are now very favorable for producers.

# STATISTICAL SUMMARY

| ITEM | UNIT | JANUARY AVERAGE | | 1941 | 1942 | | 1943 | PCT. OF YEAR EARLIER |
|---|---|---|---|---|---|---|---|---|
| | | PERIOD | AVERAGE | DECEMBER | JANUARY | DECEMBER | JANUARY | |
| Number of layers on farms | *Million* | 1932-41 | 330.0 | 358.7 | 368.5 | 397.6 | 423.1 | 115 |
| Number of eggs laid per hen | *Number* | 1932-41 | 7.08 | 7.28 | 9.18 | 7.32 | 8.91 | 97 |
| Total farm production of eggs | *Mil. case* | 1932-41 | 6.49 | 7.26 | 9.39 | 8.08 | 10.47 | 111 |
| Stocks, eggs U. S.:[1] | | | | | | | | |
| Shell | *1,000 case* | 1932-41 | 226 | 549 | 331 | 273 | 205 | 62 |
| Frozen | *1,000 case* | 1932-41 | 1,552 | 2,548 | 2,034 | 2,212 | 1,595 | 78 |
| Total | *1,000 case* | 1932-41 | 1,778 | 3,097 | 2,365 | 2,485 | 1,800 | 76 |
| Purchases, eggs, USDA: | | | | | | | | |
| Dried[2] | *Mil. lb.* | -- | -- | 9.3 | 10.6 | 4.5 | 12.3 | 116 |
| Shell, direct | *1,000 case* | -- | -- | 72 | 142 | 3 | .0 | 0 |
| Shell, blue stamp[3] | *1,000 case* | -- | -- | 125 | 119 | 87 | -- | 70 |
| Dried egg production | *Mil. lb.* | -- | -- | 8.3 | 11.1 | 13.4 | 12.0 | 108 |
| Commercial hatchery operations: | | | | | | | | |
| Eggs set | *Million* | -- | -- | 39.7 | 96.5 | 47.1 | 130.2 | 135 |
| Chicks hatched | *Million* | -- | -- | 24.58 | 49.2 | 29.14 | 56.2 | 114 |
| Receipts: | | | | | | | | |
| Poultry, dressed, four markets | *Mil. lb.* | 1932-41 | 24.1 | 80.7 | 25.2 | 64.5 | 25.6 | 102 |
| Poultry, live, Chicago[4] | *Car* | 1937-41 | 268 | 486 | 290 | 361 | 139 | 48 |
| Poultry, live, New York[4] | *Car* | 1937-41 | 640 | 727 | 498 | 777 | -- | 107 |
| Poultry, live, Midwest, per plant | *1,000 lb.* | 1932-41 | 9.64 | 21.50 | 12.13 | 21.68 | 7.97 | 66 |
| Fowl (hens), live, Midwest, per plant | *1,000 lb.* | 1932-41 | 7.08 | 9.43 | 8.11 | 12.07 | 5.72 | 71 |
| Young stock, live, Midwest, per plant | *1,000 lb.* | 1932-41 | 2.82 | 11.65 | 3.64 | 9.26 | 2.58 | 71 |
| Stocks, poultry:[1] | | | | | | | | |
| Broilers | *Mil. lb.* | 1932-41 | 12.9 | 14.0 | 12.6 | 9.2 | 6.7 | 53 |
| Fryers | *Mil. lb.* | 1932-41 | 12.3 | 18.1 | 16.1 | 15.8 | 10.1 | 63 |
| Roasters | *Mil. lb.* | 1932-41 | 31.5 | 45.5 | 39.6 | 43.6 | 29.9 | 76 |
| Fowls (hens) | *Mil. lb.* | 1932-41 | 20.5 | 44.2 | 37.5 | 46.3 | 30.4 | 81 |
| Turkeys | *Mil. lb.* | 1932-41 | 32.3 | 50.0 | 59.6 | 35.6 | 38.0 | 64 |
| Ducks | *Mil. lb.* | 1933-41 | 3.7 | 6.9 | 4.9 | 3.4 | 2.1 | 43 |
| Miscellaneous and unclassified | *Mil. lb.* | 1932-41 | 25.3 | 39.6 | 35.7 | 34.0 | 24.9 | 70 |
| Total poultry | *Mil. lb.* | 1932-41 | 134.8 | 218.4 | 206.1 | 187.9 | 142.1 | 69 |
| Prices received by farmers: | | | | | | | | |
| Eggs, per dozen | *Cent* | 1932-41 | 20.6 | 34.1 | 31.3 | 39.7 | 39.0 | 125 |
| Eggs, parity price per dozen | *Cent* | 1932-41 | 28.6 | 38.4 | 29.8 | 47.0 | 32.3 | 108 |
| Eggs, percentage of parity | *Percent* | 1932-41 | 72 | 90 | 105 | 96 | 121 | -- |
| Chickens, per pound | *Cent* | 1932-41 | 13.1 | 15.8 | 17.0 | 20.5 | 22.1 | 130 |
| Chickens, parity price per pound | *Cent* | 1932-41 | 14.4 | 16.3 | 16.6 | 17.8 | 18.0 | 108 |
| Chickens, percentage of parity | *Percent* | 1932-41 | 90 | 97 | 102 | 115 | 123 | -- |
| Turkeys, per pound | *Cent* | 1937-41 | 15.9 | 20.9 | 20.5 | 29.7 | 29.2 | 142 |
| Turkeys, parity price per ponnd | *Cent* | 1937-41 | 18.6 | 20.6 | 21.0 | 22.5 | 22.8 | 109 |
| Turkeys, percentage of parity | *Percent* | 1937-41 | 86 | 101 | 98 | 133 | 128 | -- |
| All farm commodities (1910-14=100) | *Index no.* | 1932-41 | 95 | 143 | 149 | 178 | 182 | 122 |
| Chickens and eggs (1910-14 = 100) | *Index no.* | 1932-41 | 101 | 153 | 147 | 183 | 185 | 126 |
| Wholesale prices, Chicago: | | | | | | | | |
| Eggs, current receipts, per dozen | *Cent* | 1932-41 | 19.9 | 32.0 | 32.4 | -- | 36.9 | 114 |
| Live heavy hens, per pound | *Cent* | 1937-41 | 17.8 | 19.8 | 22.0 | 23.5 | 26.0 | 118 |
| Live broilers, per pound | *Cent* | 1937-41 | 18.6 | 19.8 | 18.6 | 27.7 | 27.0 | 145 |
| Live roasters, light, per pound | *Cent* | 1937-41 | 18.4 | 18.6 | 18.6 | 28.0 | 31.5 | 169 |
| Live roasters, heavy, per pound | *Cent* | 1937-41 | 19.7 | 19.4 | 22.4 | 26.5 | 33.5 | 150 |
| Cash farm income:[5] | | | | | | | | |
| Total marketings | *Mil. dol.* | 1937-41 | 635 | 1,128 | 1,005 | 1,517 | -- | 134 |
| Poultry and eggs | *Mil. dol.* | 1937-41 | 51 | 126 | 105 | 171 | -- | 136 |
| Price ratios: | | | | | | | | |
| Chicago, Broiler-feed | *Lb. feed* | 1937-41 | 14.0 | 12.3 | 10.8 | 14.9 | 14.3 | 132 |
| Chicago, Light Roaster-feed | *Lb. feed* | 1937-41 | 14.2 | 11.6 | 10.8 | 15.1 | 16.7 | 155 |
| Farm, egg-feed | *Lb. feed* | 1932-41 | 20.5 | 23.2 | 19.8 | 23.5 | 21.4 | 108 |
| Farm, chicken-feed | *Lb. feed* | 1932-41 | 12.8 | 10.7 | 10.8 | 12.1 | 12.1 | 112 |
| Farm, turkey-feed | *Lb. feed* | 1937-41 | 13.3 | 14.2 | 13.0 | 17.6 | 16.0 | 123 |
| Feed cost per cwt., farm poultry ration | *Dollar* | 1932-41 | 1.13 | 1.47 | 1.58 | 1.69 | 1.82 | 115 |
| Wholesale food prices (1935-39 = 100) | *Index no.* | 1932-41 | 92.1 | 114.4 | 118.5 | 131.9 | 126.4 | 107 |
| Retail food prices (1935-39 = 100) | *Index no.* | 1932-41 | 95.2 | 113.1 | 116.2 | 132.7 | 133.0 | 114 |
| Prices paid by farmers including interest and taxes (1910-14 = 100) | *Index no.* | 1932-41 | 126 | 143 | 146 | 156 | 158 | 108 |
| Retail prices (BLS): | | | | | | | | |
| Roasters, dressed, per pound | *Cent* | 1932-41 | 29.2 | 32.1 | 34.2 | 43.1 | 44.4 | 130 |
| Eggs, strictly fresh, per dozen | *Cent* | 1932-41 | 34.8 | 49.0 | 46.4 | 59.3 | 59.0 | 127 |
| Nonagricultural employees' compensation (1935-39 = 100) | *Index no.* | 1932-41 | 94.2 | 164.5 | 161.3 | 213.9 | -- | 130 |

[1]End of month. Frozen eggs converted to case equivalent. [2]Includes purchases for futnre delivery. [3]Adjusted for wastage in distribntion. [4]Car equivalent of receipts by freight, truck and express. [5]Figures for 1941 and 1942 are not strictly comparable; figures for poultry and eggs for 1942 are based on revised production data and include broilers.

# THE POULTRY AND EGG SITUATION

## Summary

More than a half billion chickens were on farms in the United States on January 1 exclusive of numbers on specialized farms housing broilers and fryers. Farmers are likely to raise from 10 to 15 percent more chickens this year than were raised in 1942. The demand for baby chicks this spring is strong in all areas both for meat-producing purposes and for flock replacement. On February 1 farmers indicated that they intend to purchase 16 percent more chicks than last year. During January, 35 percent more eggs were set than the previous record for that month last year. These indicated increases are in line with the expansion needed to reach the suggested chicken goal. Materially larger supplies of chicken will be available for consumption in 1943 than the record quantity consumed last year. Because of the unprecedented consumer demand for all meats, however, it is likely that prices received by farmers will continue at, or close to, the levels permitted by the ceilings.

Unusually heavy withdrawals of poultry from storage have occurred to supplement seasonally small farm marketings of poultry. Receipts of young chickens from specialized producing sections have increased in recent weeks, however, and prices of some classes in eastern markets are a little below ceiling levels.

The revised number of hens and pullets on farms January 1 -- 487 million head -- is 14 percent larger than last year. The increase in numbers over a year earlier is likely to become larger in coming months since the exceptionally favorable egg-feed price ratio will encourage very

light culling. Despite the light culling, it is likely that the United States average rate of production per bird per month will be about as high as the record rate of a year earlier. Laying flocks are made up of a slightly larger proportion of pullets than last year and favorable egg prices this summer will tend to encourage much better care of laying flocks in many areas. Consequently, it is likely that egg production in the United States in 1943 will be at least 12 to 14 percent larger than in 1942. The goal for egg production in 1943 is 8 percent larger than the output last year.

Because of the unusually strong consumer demand for eggs and the large demands for drying and hatching, egg prices will continue higher than a year earlier. Civilian consumption of eggs in January and February has been much heavier than last year, but egg prices have continued materially higher than in the corresponding period of 1942.

— February 22, 1943

## REVIEW OF RECENT DEVELOPMENTS

### Numbers of Chickens on Farms January 1 Exceeded Half-Billion Head

The number of chickens raised on farms in the United States in 1942 was 11 percent larger than in 1941 and 29 percent larger than in 1940. Farmers saved a very large proportion of available potential layers in the last few months of 1942, and on January 1, 1943 there were 540 million chickens on farms in the United States, 14 percent more than a year earlier and 28 percent more than 2 years previous. The average value per head on January 1 was nearly $1.04 compared with 83.2 cents a year earlier and the previous record high of 97.2 cents in 1920. The total value of chickens on farms January 1 was 560 million dollars.

On January 1, 1943 there were 487 million hens and pullets on farms compared with 426 million a year earlier and the previous record high of 427 million birds at the beginning of 1928. The revised estimate of the number for January 1, 1943 — 487 million birds — is 5 percent larger than the preliminary figure published in the Crop Report on January 11.

The decline in numbers of layers during January was slightly less than a year earlier and farm flocks for the month averaged 15 percent larger

than in January last year. The number of pullets not of laying age in farm flocks on February 1 was 12 percent above the previous record high figure of a year ago.

The average number of eggs produced per bird in January was 3 percent less than the record number produced in January last year, but 26 percent above the 1932-41 average for that month. Much colder weather in January this year than last, especially in northern areas, apparently was responsible for the lower rate of production per bird. The rate of lay in January was below the rate of a year earlier in all regions except the South Atlantic States and South Central States, where new record high levels were established. Egg production on farms in January was 11.5 percent larger than the record output of January last year. A new record was established in all regions.

## Early Into-Storage Movement for Shell Eggs

Storage holdings of shell eggs apparently reached the low point for this season in the third week of January and increased thereafter. The net out-of-storage movement of shell eggs in January was the smallest on record for that month. The major into-storage movement did not get under way until about the middle of February at which time holdings at 35 markets were about as large as a year earlier. Holdings of frozen eggs were reduced 28 percent or about 600,000 pounds during January. But on February 1 such holdings were the fifth largest on record for that date. February 1 apparently was the low point for the current egg storage season. The shell-egg equivalent of all eggs in storage on that date this year was below last year but was slightly above the 1932-41 average.

## Dried Egg Production Down in January

The quantity of dried egg produced in January this year was slightly more than 12 million pounds compared with 13.4 million pounds in December, and 10.8 million pounds in January last year. Contracts for the delivery of dried egg in February call for much larger quantities than in January and slightly larger quantities than in February 1942. Close to four-fifths of the eggs used in drying during January were fresh shell eggs.

## Direction of Egg Shipments Changed

The shifts in population that have taken place incidental to expansion of war industries have necessitated numerous departures from the normal market movement of shell eggs. Increases in requirements for eggs in Pacific Coast cities have been particularly large. The movement of mid-western eggs to Los Angeles and San Francisco for the civilian market has been the largest on record in the past 3 months. This movement was encouraged by relatively higher prices in Pacific Coast markets -- particularly at San Francisco -- than prevailed in midwestern and eastern areas. Receipts of midwestern eggs in eastern markets also have been larger than a year earlier. Shipments of eggs to military camps have been much larger than a year earlier in all sections.

## Egg Prices Advance Contraseasonally in Early February

Receipts of eggs at terminal markets declined slightly from mid-January to mid-February but continued heavier than a year earlier. Egg prices declined in the latter half of January but increased in the first half of February. In mid-February prices at New York and Chicago were slightly higher than at the beginning of the month and about the same as in mid-January. In Pacific Coast cities egg prices have declined considerably since mid-January. Supplies in that area have been ample in contrast to the tight situation which prevailed in the October-January period. Wholesale prices of eggs in terminal markets were 25 to 30 percent higher in mid-February than a year earlier.

## Purchase Prices for Dried Eggs Announced

On February 18, the Department of Agriculture announced prices at which the Food Distribution Administration will buy Grade A and Grade B dried whole egg from March 1, 1943 through January 1944. The prices, as given below, apply to dried whole egg purchased f.o.b. New York City or Seattle, Washington, packed in barrels. For eggs packed in 14 pound containers or 110 pound boxes, the prices paid will be slightly higher.

Food Distribution Administration purchase prices for dried whole egg, f.o.b. New York City or Seattle, Washington, in the period March 1, 1943-January 31, 1944

| Delivery period | Grade A per pound | Grade B per pound |
|---|---|---|
| | Dollars | Dollars |
| March 1 through June 15 | 1.13 | 1.07 |
| June 16 through June 30 | 1.15 | 1.09 |
| July | 1.18 | 1.12 |
| August | 1.21 | 1.15 |
| September | 1.24 | 1.18 |
| October | 1.27 | 1.21 |
| November | 1.30 | 1.24 |
| December | 1.33 | 1.27 |
| January (1944) | 1.36 | 1.30 |

Announcement of purchase prices for the 1943-44 season will help driers plan their purchases of shell and frozen eggs so as to keep egg-drying operations at a high level. In 1942 shell and frozen eggs were purchased in volume during the spring period of flush production and dried in the fall and winter months when egg production on farms was seasonally small. At least 400 million pounds of dried whole egg will be needed to supply all military, lend-lease, and other needs in 1943.

## Record Storage Withdrawals of Poultry Continued in January

The unprecedented strong demand for poultry meat in the face of seasonally small farm marketings of poultry is resulting in very large withdrawals from storage. The peak in farm marketings of chickens in the Midwest was earlier than usual in 1942 and by mid-December marketings had declined to relatively low levels. The out-of-storage movement for poultry began in mid-December, about 2 weeks earlier than usual, and has continued at a record rate. During January holdings of all classes except turkeys were reduced. Turkey stocks customarily reach the seasonal peak on February 1. Despite the record net withdrawal of 46 million pounds of poultry during January, total holdings on February 1 were somewhat larger than the 1932-41 average.

Marketings of young chickens from areas of specialized production began to increase in early February, supplementing supplies of frozen poultry.

## Prices of Most Classes of Poultry at Ceiling Levels

As a result of increases in market supplies of fresh young chickens at New York City and Boston the demand for such birds at these markets at ceiling prices has been fully met, and in some instances prices have been a little below the ceilings. Prices of other classes at New York and Boston and all classes at other terminal markets of the Nation, however, were equal to the maximum levels permitted by maximum price regulations. Prices received by farmers for all classes are very favorable relative to feed costs and are considerably higher than a year ago. In mid-February prices of dressed fowls at New York were 20 to 30 percent higher than a year earlier. Prices of young chickens were 35 to 45 percent higher than in February last year.

The San Francisco Office of Price Administration has announced the following temporary ceiling prices for Pacific Coast States on broilers and fryers produced and sold locally; live, 34 cents per pound; dressed, 38 cents per pound; kosher killed, 39 cents per pound; drawn, 54-1/2 cents per pound; and quick frozen eviscerated, 57 cents per pound. These prices are effective to March 15, 1943.

## OUTLOOK

BACKGROUND.- The number of chickens raised on farms increased in 1941 and 1942 primarily in response to favorable prices for eggs. Chicken prices increased to some extent during the past 2 years but at times were unfavorable relative to feed costs. In the second half of 1942 chicken prices advanced a great deal and the permanent ceilings issued on December 18, 1942 allow farmers favorable prices relative to feed costs. As a result, the demand for baby chicks this year is the strongest on record for meat-producing purposes as well as for producing eggs.

## Farmers Intend to Purchase Record Number of Chicks

Farmers intend to increase production of chickens and eggs over the record output in 1942. On February 1 farmers indicated that they intend to buy 16 percent more chicks this year than they purchased in 1942.

In 1941 and 1942 egg prices became relatively more favorable after farmers reported their intentions in February; in both years considerably more chicks were purchased than farmers originally intended. Since the chicken-feed price ratio is much more favorable than last year, and the egg-feed price ratio in the main hatching season may be the most faborable on record, the demand for chicks may become even stronger as the season progresses. These favorable price relationships will encourage farmers to take measures to offset, in part at least, such unfavorable factors as shortages in poultry-raising equipment and supplies, delays in getting chicks, and limitations on poultry-housing facilities. Comparisons between intentions and performance for past years are given in the following table:

Number of chicks purchased by farmers, number hatched on farms and number of chickens raised as a percentage of number in preceding year, United States, 1938-43

| Year | Number purchased | | Number hatched on farms (including custom hatch) | Number raised on farms |
|---|---|---|---|---|
| | Intentions as of Feb. 1 | Estimated number purchased | | |
| | Percent | Percent | Percent | Percent |
| 1938 | 109 | 113 | 103 | 108 |
| 1939 | 108 | 114 | 98 | 107 |
| 1940 | 96 | 93 | 83 | 89 |
| 1941 | 109 | 128 | 97 | 116 |
| 1942 | 112 | 117 | 97 | 111 |
| 1943 | 116 | | | |

Farmers have continued to shift from hatching chicks on their farms to purchasing day-old chicks from commercial hatcheries. In 1942 about 82 percent of the chicks raised on farms were bought from commercial hatcheries or custom hatched in such hatcheries.

## Number of Eggs Set in January 35 Percent Over Last Year

Commercial hatcheries are off to a good start on what, no doubt, will be by far the largest annual output for the industry. The number of eggs set in the United States in January was 35 percent larger than the previous record number set in that month last year. The proportion of the season's output already booked in early February for later delivery is a record high. On February 1 bookings of chicks for later delivery were 67

percent larger than a year earlier. Many hatcheries are booked to capacity through May. Additional orders probably will be placed by egg producers so as to result in a very large output of late chicks. Although the early hatch will be materially heavier than a year earlier, many farmers will have to accept chicks late in the season if their indicated intentions to purchase baby chicks are to be realized.

Farmers' Intentions in Line With Suggested Chicken Goal

In the next few months marketings of fowl and chickens from egg-producing flocks probably will be about the same as a year earlier, even though numbers on farms are much larger. Marketings of young chickens from specialized areas of broiler and fryer production, however, probably will continue heavier than a year ago. Storage stocks will be drawn on heavily to supplement current supplies, as has been done since mid-December. Prices of all classes of poultry are likely to continue at, or close to, ceiling levels and to be materially higher than a year earlier. Prices of young chickens probably will be very favorable relative to feed costs during the chicken-growing season.

If farmers' intentions to purchase baby chicks are realized, the number of chickens raised will be in line with needs to meet the suggested chicken goal even if numbers of chicks hatched on farms or custom hatched are slightly smaller than in 1942. The goal calls for a slaughter of 10 percent more chickens from diversified farms than were slaughtered last year. The attainment of this goal depends on the change in numbers on farms during the year as well as on the change from a year earlier in numbers raised. Laying houses were filled close to capacity on January 1, 1943, and sales of fowl probably will be very heavy in the last few months of this year. The increase over 1942 in numbers slaughtered may be larger than the increase in numbers raised. Heavy culling of laying flocks next fall would tend to increase the average quality of laying birds for egg production in 1944. The average weight per bird slaughtered in 1943 may be even heavier than in 1942.

Many people, both on and off farms, who did not raise chickens in 1942 intend to raise chickens this year. The demand for chicks for specialized production of broilers and fryers continues very strong. The number of chickens raised on farms in 1943 probably will be from 10 to 15 percent larger than in 1942.

Egg Production Goal Likely to be Exceeded

Because of the exceptionally favorable egg-feed price ratio in prospect for the coming spring and summer, the decline in average size of laying flocks between January and August will tend to be even smaller than it was in the corresponding period last year. Consequently, the increase over a year earlier in numbers of layers on farms probably will increase over the 14 percent figure for January 1. This tendency was evident in January as indicated by the much lighter sales of fowl in mid-western States and by the increase of 15 percent in number of layers on farms in the United States in January this year compared with January 1942.

With 5 percent more layers on farms than was indicated by the preliminary report for January 1, laying houses probably are even more crowded than previously estimated. Crowding will tend to retard the rate of production per bird per month. Lower average protein content or lower quality proteins in feeds also would tend to retard the rate of lay per bird, particularly in specialized egg-producing areas. On the other hand, with the encouragement given by favorable egg prices, many flocks, especially in midwestern areas, will be fed better than last year, even though the average protein content of the feed may be a little lower. It is likely, therefore, that the average number of eggs produced per bird per month this year will be about the same as in 1942. But with favorable prices, farmers probably will delay culling, and the annual average number of eggs laid per bird on farms January 1, 1943 will be as high as the record of 113 in 1942, if not higher. Egg production in the United States in the calendar year 1943 probably will be at least 12 or 14 percent larger than in 1942, compared with a goal calling for an 8 percent increase.

If total noncivilian requirements for eggs are fully met in 1943, civilian consumption of eggs per capita will be reduced from the high January and February levels and probably will be no greater for the year than the average number consumed in 1942. In the next few months, demand will be particularly strong for eggs for storing, hatching, and drying. With these demands to supplement an unprecedented total demand for current civilian consumption, egg prices are likely to continue at, or close to, permanent ceiling levels. Consumption will tend to increase most near primary sources of supply. Any increases in civilian supplies may not be reflected entirely in normal terminal market distribution.

## Farm Holdings of Turkeys Smaller Than Last Year

The average hatching date for turkey poults in 1942 was earlier than in 1941, and by January 1, 1943 about 81 percent of the 1942 turkey crop had been marketed compared with 77 percent a year earlier. The number of all turkeys on farms January 1 was 14 percent smaller than on January 1 last year. Most of the decline is the result of smaller holdings of birds for market. The number of breeder stock also was slightly smaller than last year. The reduction in number of breeders may be offset to some extent by higher production per bird. Death losses of growing poults were unusually large in 1942. On February 1 the number of turkey poults booked for later delivery by reporting hatcheries was 61 percent larger than on the corresponding date last year.

## North Atlantic States -- Intended Chick Purchases up 25 Percent

Although prices of eggs have declined more so far this year in the North Atlantic States than in other parts of the Nation, the demand for chicks is stronger than in any other region of the country relative to last year. This may be due in large part to unused poultry-housing facilities available in this territory. In mid-January the egg-feed price ratio in the North Atlantic States was 20 percent higher than a year earlier.

Because of cold weather the rate of production per bird was slightly under the record for January established last year, but with 12 percent more layers, 9 percent more eggs were produced.

East North Central States -- Intended Chick Purchases up 10 Percent

Housing facilities, on the average, probably were more fully occupied in the East North Central States than in any other region, even though present numbers are only slightly above the 1928 peak. The number of layers on farms in January was 12 percent over the number a year earlier, and the rate of lay, retarded by cold weather, was slightly under the rate of a year earlier. Farmers in this area probably will be encouraged to delay culling considerably this season because of the unusually favorable egg-feed price ratio.

West North Central States -- Intended Chick Purchases up 12 Percent

Egg-feed price relationships have been very favorable in this area and even though the number of chickens raised the past 2 years has increased greatly, a further increase is in prospect for this year. The number of layers on farms in the West North Central States in January was 18 percent larger than last year. The rate of egg production per bird in January was a little lower than a year earlier, apparently because of the severe cold that prevailed in that territory during that month. With a very favorable egg-feed price ratio in prospect for this spring and summer, many additional farmers will feed ready-mixed laying mash this year. This will tend to offset the adverse effects on the average rate of lay of over-crowded houses (when the birds are kept in houses) and any lower average quality feeds.

South Atlantic States -- Intended Chick Purchases up 26 Percent

In many localities of the South Atlantic States, egg prices declined to relatively low levels in 1942. Most of last year the egg-feed price ratio was less favorable than a year earlier. In the past few months, however, this ratio has become relatively favorable. As a result, farmers are taking better care of their laying birds than last year, as indicated by the higher rate of lay in January, and they intend to purchase considerably more baby chicks than in 1942. The demand for chicks for meat production as well as for egg production is very strong.

South Central States -- Intended Chick Purchases up 20 Percent

In the South Central States during 1942 the egg-feed price ratio was considerably less favorable than a year earlier, particularly in the western areas of the region. But with relatively large local supplies of feed (in many cases home supplies), together with advancing egg prices, farmers have been encouraged to purchase a much greater number of baby

chicks than last year. The number of layers on farms in this region during January was 18 percent larger than a year earlier, and the rate of lay was slightly higher than last year, apparently reflecting better care and feeding.

Western States -- Intended Chick Purchases up 20 Percent

The average price received by farmers for eggs in the Western States increased steadily from March 1942 through mid-January 1943. Feed prices increased somewhat also, but not nearly so much as egg prices. In mid-January the egg-feed price ratio in this area was 21 percent higher than a year earlier. Chicken-feed price ratios in this area also have been unusually favorable and the demand for all baby chicks is very strong, including sexed day-old Leghorn cockerels. Current egg production in this area is much larger than last year.

Feed Prices Changed Slightly During the Past Month

Corn prices have remained a little below the ceilings during the past month, as marketings of corn have been generally sufficient for trade requirements. Prices of high-protein feeds have remained at maximum levels, while prices of wheat, bran, and middlings at Minneapolis increased slightly from mid-January to mid-February. The average price paid by farmers for laying mash in mid-January was $3.05 per 100 pounds compared with $2.95 in mid-December and $2.77 in mid-January 1942.

Feed mixers and livestock and poultry producers are continuing to take all available supplies of oilmeals. Production of oilcake and meal from the four principal oilseeds -- cottonseed, linseed, soybeans, and peanuts -- will be about 40 to 50 percent larger in the first quarter of 1943 than a year earlier. In the April-June quarter, production of these feeds may be nearly double that in the corresponding period last year. The quantity of these feeds fed to dairy cattle will decline during the late spring and summer months as dairy cattle are turned on pasture. As a result, relatively more of these feeds will be available for hogs and poultry. Prices of oilmeal are low in relation to other feeds and livestock products. With limited supplies of animal-protein feeds, therefore, there may be little, if any, seasonal decline in prices of oilmeal this summer, and stocks accumulated for carry-over into the 1942-43 season may be small.

The supply of the four principal feed grains (excluding wheat used for feed) in 1943-44 may be about 10 to 15 percent smaller per grain-consuming animal unit than in 1942-43 and about 8 percent below the 1937-41 average. This is likely because: (1) livestock numbers are increasing, (2) the carry-over of feed grains into 1943-44 may be no larger than a year earlier, and (3) production in 1943 may be somewhat smaller than in 1942 if 1943 acreage goals are attained and yields are only about the same as the average for the past 5 years.

The quantity of Government-owned wheat sold for feed from July 1, 1942 to the middle of February 1943 totaled nearly 125 million bushels, the quantity designated by Congress for Government sales of wheat for feed at a reduced price in the 1942-43 marketing year.

Consequently, it has been necessary to discontinue sales of Government wheat for feed although the Secretary of Agriculture has requested Congressional authorization to sell another 100 million bushels between now and July 1.

Protein Conservation Program Announced

Vital proteins used in poultry and livestock feeds will be conserved through a voluntary cooperative program adopted by representatives of the Nation's feed industry, at a meeting with Department of Agriculture officials. Under the program, the feed industry will hold the protein content of mixed feeds to certain maximum amounts. This action is designed to extend available supplies of proteins -- particularly those of animal and marine origin -- to meet the heavy demand for feeds. Feed council representatives agreed that poultry producers should be assured that the types of feed they will need in 1943 will be available.

The voluntary agreement provides that the following listed mixed feeds shall not contain more than the total quantity of animal protein indicated:

| Kind of mixed feed | Total pounds of animal protein per 100 pounds of mixed feed |
|---|---|
| Chick starters | 2.00 |
| Turkey starters | 2.50 |
| Duck starters | 2.00 |
| Broiler mashes | 2.00 |
| All mash growing and laying diets | 1.125 |
| Growing and laying mashes (to be fed with grain) | 2.25 |
| All mash breeding diets | 2.25 |
| Breeding mashes (to be fed with grain) | 4.50 |
| Poultry supplements and concentrates | |
| 26 percent protein | 3.375 |
| 32 percent protein | 4.50 |
| 36 percent protein | 5.00 |

The agreement also specifies that fish meal should be provided to poultry only in poultry starters, broiler mashes, and poultry breeding diets and mashes.

In most instances the suggested animal protein content represents substantial reductions from amounts previously used. Nutrition technicians believe, however, that the limited protein content feeds agreed to will do a satisfactory job if they are properly used.

## PARITY PRICES AND THE POULTRYMAN

The original definition of the parity principle in the Agricultural Adjustment Act of 1933 declared that it was the policy of the Congress, among other things, to "reestablish prices to farmers at a level that will give agricultural commodities a purchasing power with respect to articles that farmers buy, equivalent to the purchasing power of agricultural commodities

in the base period." The base period established by that Act for nearly all agricultural commodities, including eggs, chickens, and turkeys, is the period August 1909-July 1914. While the parity formula has been amended and reenacted several times since 1933, it has not been essentially changed as far as its effect on poultry products is concerned except that interest payments per acre on farm indebtedness secured by real estate and tax payments per acre on farm real estate have been added to the index number of prices paid for commodities.

For agricultural commodities generally, this formula defines a relationship or exchange ratio between prices paid by farmers and prices received. It applies only to those items which farmers buy and for which prices and rates can be rather easily determined, and to those items which farmers sell for which data on prices received are available. It is not a cost-of-production or standard-of-living formula except to the extent that such a ratio or exchange relationship would give prices to farmers that would have the same purchasing power, relative to nonagricultural prices as existed in the base period.

Construction of Index of Prices Paid Including Interest and Taxes

The chart on the cover page of this report shows index numbers of prices paid by farmers, including interest and taxes, 1910 to date. This is the series used in computing parity prices for most farm products.

How are these index numbers constructed? Altogether, price data for 174 articles purchased by farmers, 86 used in living, and 88 for farm production are used to compute the current index of prices paid. Prices of these commodities are reported periodically to the Department of Agriculture by more than 10,000 retail merchants serving the farm population in all parts of the Nation. Prior to 1923 prices were collected annually. Since 1923 prices of most commodities have been reported quarterly and in recent years monthly prices are available for feed. For commodities other than feed, sufficient data are obtained from supplementary sources to make estimates of the monthly movement of prices.

Average prices for each commodity are combined or arranged by major groups such as feed, farm machinery, food, and clothing. Prices for individual commodities are multiplied by the average quantity of each commodity purchased per farm during the 6-year period 1924-29, which was the most recent period of relative economic stability at the time this index was adopted for computing parity. The same quantity weights are applied to the prices for all periods of time and, therefore, changes in the index reflect only changes in prices and not changes in quantities purchased. The commodity group index numbers are combined into a single price index, which, with per acre indexes of interest on farm mortgages and taxes payable on farm real estate are combined into the index of prices paid by farmers for commodities, interest, and taxes.

Because of its relative importance in costs of producing poultry and eggs, the proportionate weight given to feed is of particular interest to poultrymen. Feed is given a weight of 27 percent of the weight for commodities used directly in production; 11.7 percent of the weight for all commodities,

and 10.1 percent of the weight for all commodities, interest, and taxes. Index numbers of prices paid for feed are compared with the combined index on the cover page of this report. In specialized producing areas, the cash expenditures for feed account for a considerably larger proportion of total expenditures for producing poultry and eggs than the 10 percent included in the combined index. However, as shown on the cover page chart, index numbers of feed prices (1910-14 = 100) have been lower than the combined index (also 1910-14 = 100) constantly since 1920. Consequently the combined index would tend to decline as the relative weight for feed is increased. For example, in mid-December 1942 (the last month for which final data are available) the index of prices paid by farmers for all commodities, interest, and taxes was 156 (1910-14 = 100). The index of prices paid for feed was 139. If feed had been given a heavier weight, for example, 50 percent of the total weight, the index of prices paid including interest and taxes last December would have been 149 instead of 156.

The composition of feeds commonly fed to poultry is much different now from what it was 20 or 30 years ago, and the cost probably is relatively somewhat higher. However, costs of grains, and byproduct feeds and meals still constitute a large proportion of total costs of mixtures and, therefore, movements in prices of poultry mixtures usually correspond closely to the movements in the index of feed prices which is included in the combined index of prices paid for commodities, interest, and taxes and used in computing parity prices.

So far in this war, prices paid by farmers for feed have increased relatively more than prices paid for all commodities, interest, and taxes. Prices of poultry products also have increased greatly, however, and poultry product feed price ratios are very favorable for producers. In mid-January prices of chickens, eggs, and turkeys all were well above parity.

Calculation of Parity Prices

For chickens and turkeys, monthly parity prices are computed by multiplying the average price received by farmers for these products in the 60-month period, August 1909-July 1914, by the current index number of prices paid, including interest and taxes. The monthly parity prices for eggs are computed in a similar manner except that in addition an adjustment is made for seasonal variation. The computations for mid-January 1943 are as follows:

| Item | Base period price (Aug. 1909-July 1914) | Index number of prices paid, interest, and taxes (1910-14 = 100) | Parity price | United States average price received by farmers in mid-Jan. | Mid-Jan. prices as percentages of parity |
|---|---|---|---|---|---|
| | Cents | Percent | Cents | Cents | Percent |
| Eggs, per doz. | 21.5 | 158 | 1/ 32.3 | 39.0 | 121 |
| Chickens, per lb. | 11.4 | 158 | 18.0 | 22.1 | 123 |
| Turkeys, per lb. | 14.4 | 158 | 22.8 | 29.2 | 128 |

1/ 21.5 x 158/100 = 34.0 cents. Multiplying 34.0 cents by 95, the index number of seasonal variation for mid-January and dividing by 100, gives 32.3 cents. (Index numbers of seasonal variation for egg prices for 1943 were published in The Poultry and Egg Situation for December 1942.)

Parity prices are calculated in terms of prices received by farmers in the local markets in which they ordinarily sell. In other words, the parity prices for eggs, chickens and turkeys apply to the average of all classes and grades of these products as sold by all farmers in the United States. Average or normal differentials for different classes or grades and average or normal spreads between different markets, methods of sale or locations may be calculated and applied to the average parity price for the Nation. These spreads or differentials, however, should not themselves be considered parities, as they will often need adjusting or recalculating due to changes in methods of processing, in marketing and transportation costs, and in the distribution of supplies relative to demand. Parity prices for poultry products other than eggs, chickens, and turkeys have not been computed.

Some Applications of Parity Prices

The Department of Agriculture has announced support prices for many products in terms of percentages of parity. For 1943 prices of chickens and turkeys will be supported at not less than 90 percent of parity. Egg prices will be supported at not less than 30 cents in the spring and at levels in other months so as to obtain an average of not less than 34 cents for the year. For eggs, therefore, the support price for spring months is somewhat above present parity levels, taking into account adjustment for seasonal variations.

The Emergency Price Control Act of 1942, as amended, provides, among other things, that price ceilings shall not be established for agricultural commodities which will not allow farmers to receive parity prices. The ceilings announced for poultry and eggs by the Office of Price Administration will permit farmers to receive more than parity and are high enough to encourage an increased output of poultry products.

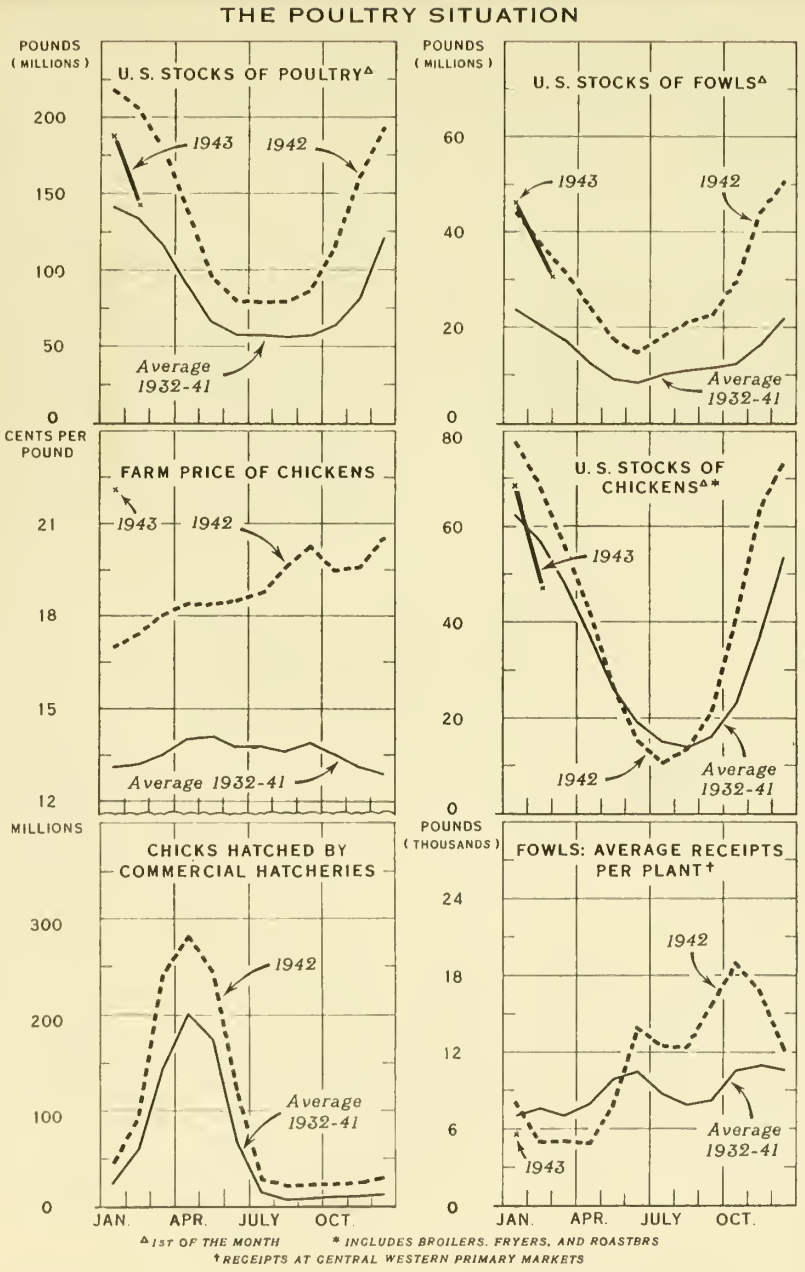



FIGURE 1

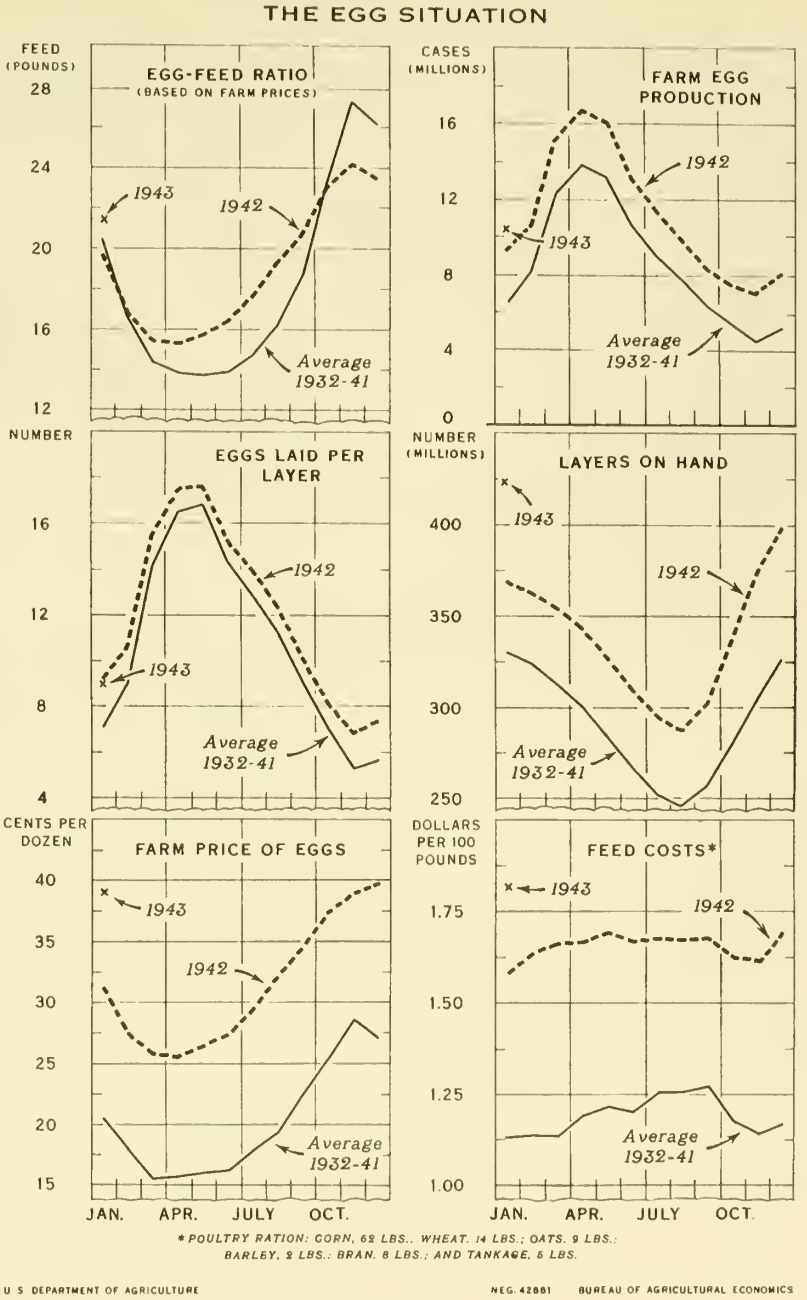

THE EGG SITUATION
FEED (POUNDS)
EGG-FEED RATIO (BASED ON FARM PRICES)
1943
1942
Average 1932-41
CASES (MILLIONS)
FARM EGG PRODUCTION
NUMBER
EGGS LAID PER LAYER
NUMBER (MILLIONS)
LAYERS ON HAND
CENTS PER DOZEN
FARM PRICE OF EGGS
DOLLARS PER 100 POUNDS
FEED COSTS*
JAN. APR. JULY OCT.
* POULTRY RATION: CORN, 62 LBS.. WHEAT. 14 LBS.; OATS. 9 LBS.: BARLEY, 2 LBS.: BRAN. 8 LBS.; AND TANKAGE, 5 LBS.
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FIGURE 2

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